

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO IMMEDIATE

C O N F I D E N T I A L STATE 110686

FOLLOWING REPEAT STATE 110686 ACTION ALGIERS ANKARA BERN BONN
BRUSSELS CARACAS COPENHAGEN DUBLIN EC BRUSSELS JIDDA KINSHASA
LONDON LUXEMBOURG MADRID NEW DELHI OSLO OTTAWA PARIS ROME
STOCKHOLM TEHRAN THE HAGUE TOKYO VIENNA WELLINGTON BRASILIA
INFO OECD PARIS 13 MAY 75

QUOTE

C O N F I D E N T I A L STATE 110686

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: SECRETARY'S SPEECH ON ENERGY AND RAW
MATERIALS

1. IN SPEECH SCHEDULED FOR DELIVERY IN KANSAS CITY MAY 13,
SECRETARY WILL STATE US READINESS TO ATTEND NEW MEETING OF
ENERGY PRODUCER-CONSUMER PREPCON, AND TO INITIATE BILATERAL
CONSULTATIONS IEA COUNTRIES, FRANCE AND PRODUCERS TO THIS
PURPOSE. SPEECH WILL SET FORWARD US IDEAS ON WAYS TO BEGIN
SERIOUS DISCUSSION OF RAW MATERIALS/COMMODITY PROBLEMS
WHICH WE HOPE WILL CONSTITUTE BASIS FOR PROGRESS TOWARD
MEETING CONCERNS OF MANY LDC'S AS DEVELOPED AT FIRST PREPCON
IN PARIS LAST MONTH. TEXT FOLLOWS SEPTTEL.

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2. PROPOSALS INVOLVE THREE MAIN ELEMENTS, WHICH WILL BE PRESENTED IN SPEECH ALONG FOLLOWING LINES:

-- FIRST, SINCE BOTH PRODUCERS AND CONSUMERS WANT A MORE RELIABLE BASIS ON WHICH TO DO BUSINESS, WE WILL PROPOSE THAT THE MULTILATERAL TRADE NEGOTIATIONS NOW UNDERWAY IN GENEVA DEVELOP NEW RULES AND PROCEDURES ON SUCH QUESTIONS AS FREER ACCESS TO SUPPLIES AND MARKETS, PROMOTION OF MINING AND PROCESSING INDUSTRIES IN THESE COUNTRIES, AND SETTLEMENT OF DISPUTES.

-- SECONDLY, WE ARE PREPARED TO CONSIDER AND DISCUSS WHETHER CIRCUMSTANCES WARRANT NEW ARRANGEMENTS IN INDIVIDUAL COMMODITIES, ON A CASE-BY-CASE BASIS.

-- THIRDLY, RECOGNIZING THE IMPORTANCE OF GROWTH IN RAW MATERIAL PRODUCTION TO BOTH PRODUCERS AND CONSUMERS, WE WILL PROPOSE THAT THE WORLD BANK EXPLORE NEW WAYS OF FINANCING RAW MATERIAL INVESTMENT IN PRODUCING COUNTRIES. WE ARE PARTICULARLY INTERESTED IN EXPLORING NEW WAYS OF MOBILIZING CAPITAL AND BRINGING IT TOGETHER WITH OUTSIDE MANAGEMENT AND SKILLS.

3. WE BELIEVE SUCCESSFUL DIALOGUE ALONG THESE LINES COULD BE BEST DEVELOPED BY MAKING MAXIMUM USE OF EXISTING MULTILATERAL FORA (E.G., MTN'S, EXISTING COMMODITY GROUPS WITHIN UNCTAD FRAMEWORK, AND IBRD). WE HAVE OPEN MIND ABOUT WHETHER THESE INSTITUTIONS SHOULD BE SEIZED DIRECTLY WITH JOINT INITIATIVES FROM INTERESTED COUNTRIES INVOLVED IN PRODUCER-CONSUMER PREPCON OR WHETHER IT WOULD BE PREFERABLE FOR PREPCON TO AGREE TO PRESENT THESE AND RELATED PROPOSALS TO A BROADER PRODUCER-CONSUMER CONFERENCE WHICH WOULD THEN DISCUSS A MORE FULLY DEVELOPED SCENARIO FOR FURTHER NEGOTIATIONS IN OTHER FORMS. WHILE WE BELIEVE FORMER SCENARIO LIKELY RESULT IN GETTING SERIOUS DISCUSSION STARTED EARLIER, WE WOULD WISH TO HAVE VIEWS OF OUR PARTNERS IN IEA AND P/C PREPCON GROUP BEFORE DECIDING ON ONE OR THE OTHER.

4. YOU SHOULD SEEK EARLY OPPORTUNITY TO DISCUSS THESE
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PROPOSALS AND PROCEDURAL OPTIONS (PER PARA 3 ABOVE) WITH APPROPRIATE OFFICIALS IN HOST GOVERNMENT. WE WILL RAISE DIRECTLY WITH SHAH DURING HIS VISIT HERE THIS WEEK.

5. FOR IEA COUNTRIES: PLEASE NOTIFY ALL GOVERNMENTS OF SECRETARY'S STATEMENT. SECRETARY WILL WANT TO DISCUSS THE BEST TACTICS FOR PURSUING REOPENING OF P/C DIALOGUE ALONG ABOVE LINES DURING IEA MINISTERIAL MAY 27. HOWEVER,

EARLIER INDICATION OF IDEAS FROM MEMBER COUNTRIES WOULD
BE WELCOME.

6. FOR BRUSSELS: NOTIFY DAVIGNON ASAP.

7. FOR PARIS: FRENCH EMBASSY ALREADY NOTIFIED. YOU
SHOULD FOLLOW UP.

8. FOR RIYADH: NOTIFY YAMANI ASAP. INGERSOLL

UNQUOTE INGERSOLL

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NNN

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